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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/800,621	03/07/2001	Bernard G. Freeland	A2A-101	7479

7590 06/06/2005

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EXAMINER

DASS, HARISH T

ART UNIT PAPER NUMBER

3628

DATE MAILED: 06/06/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No. 09/800,621	Applicant(s) FREELAND, BERNARD G.	
	Examiner Harish T Dass	Art Unit 3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 07 March 2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-16 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-16 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

Claim Rejections - 35 USC § 101

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-9 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".

Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable

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subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981). However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The

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court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a

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§101 rejection finding the claimed invention to be non-statutory. See Ex parte Bowman, 61 USPQ2d (BNA) 1669 (BdPatApp&Int 2001).

In the present application, Claims 1-9 have no connection to the technological arts. None of the steps indicate any connection to a computer or technology. Therefore, the claims are directed towards non-statutory subject matter. To overcome this rejection the Examiner recommends that Applicant amend the claims to better clarify which of the steps are being performed within the technological arts.

Claim Rejections - 35 USC § 103

2. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1-3 and 8-12 are rejected under 35 U.S.C. 103(a) as being unpatentable over Anderson et al (hereinafter Anderson – 5,774,883) in view of “GartnerGroup Says eBay and AutoTrader.com Partnership Should Improve Conversion Purchasing Rates for Online Used Cars”, Business Editors/High-Tech Writers. Business Wire. New York: Mar 7, 2000. pg. 1 (hereinafter - Business Wire).

Re. Claim 1, Anderson discloses validating a titled asset to be sold by a seller to a buyer [see entire document particularly, Abstract],

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arranging for financing by a lender of funds to be paid to a seller for said asset on behalf of a buyer [Figures 12-13a, 14; C1 L64 to C2 L12], all of said steps taking place without an intermediate transfer of ownership of said asset from said seller to any party other than said buyer [C2 L6-L9]. Anderson does not explicitly disclose providing an escrow service for ensuring that financial and legal aspects of said sale occur in an orderly manner. However, Business Wire discloses this step [see entire document particularly, Pp1 pgraf # 1, Pp 2 pgraf # 11] to protect online transaction of car buying service. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Anderson and include providing an escrow service, as disclosed by Business Wire, to establish high level of confidence in buyers' and sellers' minds by providing additional protection.

Re. Claim 2, Anderson discloses wherein said validation comprises an examination of the asset and creation of descriptive information regarding the asset and its condition, and recording said descriptive information in a report [abstract; C5 L45-L50]. Further, it is well known that when a used car is purchase buy the car dealer, the dealer inspect the car to appraise the car, and when an individual buys a car from another person, he/she takes the car for inspection to auto-repair shop to find out the condition of the car. For example, car max checks every car and provide recommendation.

Re. Claim 3, Anderson discloses wherein said validation comprises an inspection of the asset and a recommendation for repairs or alterations of the asset [C19 L1-L3].

Re. Claim 8, Anderson discloses validating a titled vehicle to be sold by a seller to a buyer, said validating including an inspection of said vehicle to confirm its make, model and condition [Figures 12-13a, 14; C1 L64 to C2 L12; C5 L45-L50], arranging for financing by a lender of funds to be paid to a seller for said vehicle on behalf of a buyer [C18 L25-L57; C26 L1-L23], and all of said steps taking place without an intermediate transfer of ownership of said vehicle from said seller to any party other than said buyer [C2 L6-L9]. Anderson does not explicitly disclose providing an escrow service in which an agent coordinates said sale, and makes arrangements for said vehicle and title to said vehicle to be transferred to the buyer, arranges for purchase funds to be given to the seller of said vehicle, and attends to satisfaction of any liens with respect to the seller's ownership of said vehicle, and attends to recordal of any liens to be made by a lender of funds to said buyer on said title. However, Business Wire discloses this step [see entire document particularly, Pp1 pgraf # 1, Pp 2 pgraf # 11] to protect online transaction of car buying service. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Anderson and include providing an escrow service, as disclosed by Business Wire, to establish high level of confidence in buyers' and sellers' minds by providing additional protection.

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Re. Claim 9, Anderson wherein said validating comprises preparation of a descriptive information report with recommendations for maintenance, repair and/or alteration of said vehicle [C19 L1-L3].

Re. Claim 10, claim 10 is rejected with same rational as claim 1.

Re. Claim 11, Anderson discloses wherein said validation service comprises an examination of the asset by a technician familiar with assets of the type to be sold, and said technician creates a written report containing descriptive information regarding the asset and its condition [abstract; C5 L45-L50].

Re. Claim 12, Anderson discloses wherein said asset is a vehicle and validation comprises an inspection of the vehicle and a recommendation for repairs or alterations of the vehicle [C19 L1-L3].

Claims 4-7 and 13-16 are rejected under 35 U.S.C. 103(a) as being unpatentable over Anderson and Business Wire as applied to claims 1, 10 above, and further in view of Finch (US 6,850,902).

Re. Claims 4-7, Anderson discloses wherein said method includes additional steps selected from the group consisting of: providing tag and title services in which

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requirements for licensing and registration of the asset with governmental officials are fulfilled (documents) [C17 L30-L44; C18 L25-L57], wherein said method includes providing tag and title services in which requirements for licensing and registration of the asset with governmental officials are fulfilled (documents) [C17 L30-L44; C18 L25-L57]. Neither Anderson nor Business Wire explicitly discloses resolving liens held by previous lenders of money to said seller by paying all monies owed lienholders existing at the time of sale, and attending to recordal (history) of new liens associated with borrowing by said buyer, and wherein said method includes resolving liens held by previous lenders of money to said seller by paying all monies owed lienholders existing at the time of sale, and wherein said method includes attending to recordal (history or history record) of new liens associated with borrowing by said buyer. However, Finch discloses these features [see entire document particularly Abstract; Figures 2, 4, & 6; C1 L32-L50; C3 L13-L60] to release of a lien formally held by a lender and transfer title to new owner. It would have been obvious at the time the invention was made to a person having ordinary skill in the art to modify the disclosure of Anderson and Business Wire and include resolving liens held by previous lenders, as disclosed by Finch to satisfy the old loans for clean title transfer to new owner.

Re. Claims 13-16, claims 13-16 are parallel claims to claims 4-7 and are rejected with same rational as claims 4-7.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. Applicant is required under 37 CFR ' 1.111 (c) to consider the references fully when responding to this action.

"GartnerGroup Says eBay and AutoTrader.com Partnership Should Improve Conversion Purchasing Rates for Online Used Cars", Business Editors/High-Tech Writers. Business Wire. New York: Mar 7, 2000. pg. 1 (hereinafter - Business Wire)
ProQuest document ID: 52496670 (Document URL:
<http://proquest.umi.com/pqdweb?did=52496670&sid=5&Fmt=7&clientId=19649&RQT=309&VName=PQD>)

PGPUB US 20020013767, Triola, Nov. 29, 2001 "Electronic funds transfer system for financial transactions" discloses a system for facilitating open electronic commerce and implementing secure, accurate, fast and cost effective electronic money transfers for financial transactions as an alternative medium of economic exchange to cash, checks, credit and debit cards and electronic funds transfer. A system for electronic funds tracking and payment, referred to as Cyber Credit money or CCmoney is described. The CCmoney system uses Cyber Credit money backed by the U.S. dollar and/or other real currency reserves to provide an electronic medium of exchange, store of value and de-facto legal tender.

US 6,064,970 to McMillan et al, May 16, 2000 "Motor vehicle monitoring system for determining a cost of insurance" discloses a method and system of determining a cost of automobile insurance based upon monitoring, recording and communicating data representative of operator and vehicle driving characteristics. The cost is adjustable retrospectively and can be prospectively set by relating the driving characteristics to predetermined safety standards. The method comprises steps of monitoring a plurality of raw data elements representative of an

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operating state of the vehicle or an action of the operator. Selected ones of the raw data elements are recorded when the ones are determined to have an identified relationship to safety standards. The selected ones are consolidated for processing against an insurer profile and for identifying a surcharge or discount to be applied to a base cost of automobile insurance. A final cost is produced from the base costs and the surcharges or discounts.


Any inquiry concerning this communication or earlier communications from the examiner should be directed to Harish T Dass whose telephone number is 571-272-6793. The examiner can normally be reached on 8:00 AM to 4:50 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S Souh can be reached on 571-272-6799. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Harish T Dass
Examiner
Art Unit 3628

5/13/05


HYUNG SOUH
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600